

Workforce News



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Wasatch Front South: Salt Lake, Tooele

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Impact of the Recession on Manufacturing



Inside:

- **Salt Lake:** Job loss and unemployment moderating somewhat
- **Tooele:** Job loss steady, unemployment still rising



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In Salt Lake and Tooele counties, the labor market has suffered as a result of the national and Utah recessions that began after December 2007. At first the recession was felt primarily in housing construction and related industries as the housing bubble popped. Then, after September 2008, as a result of the national financial crises, job losses

increased dramatically across almost all industries as credit was unavailable for a time and very tight for several months thereafter.

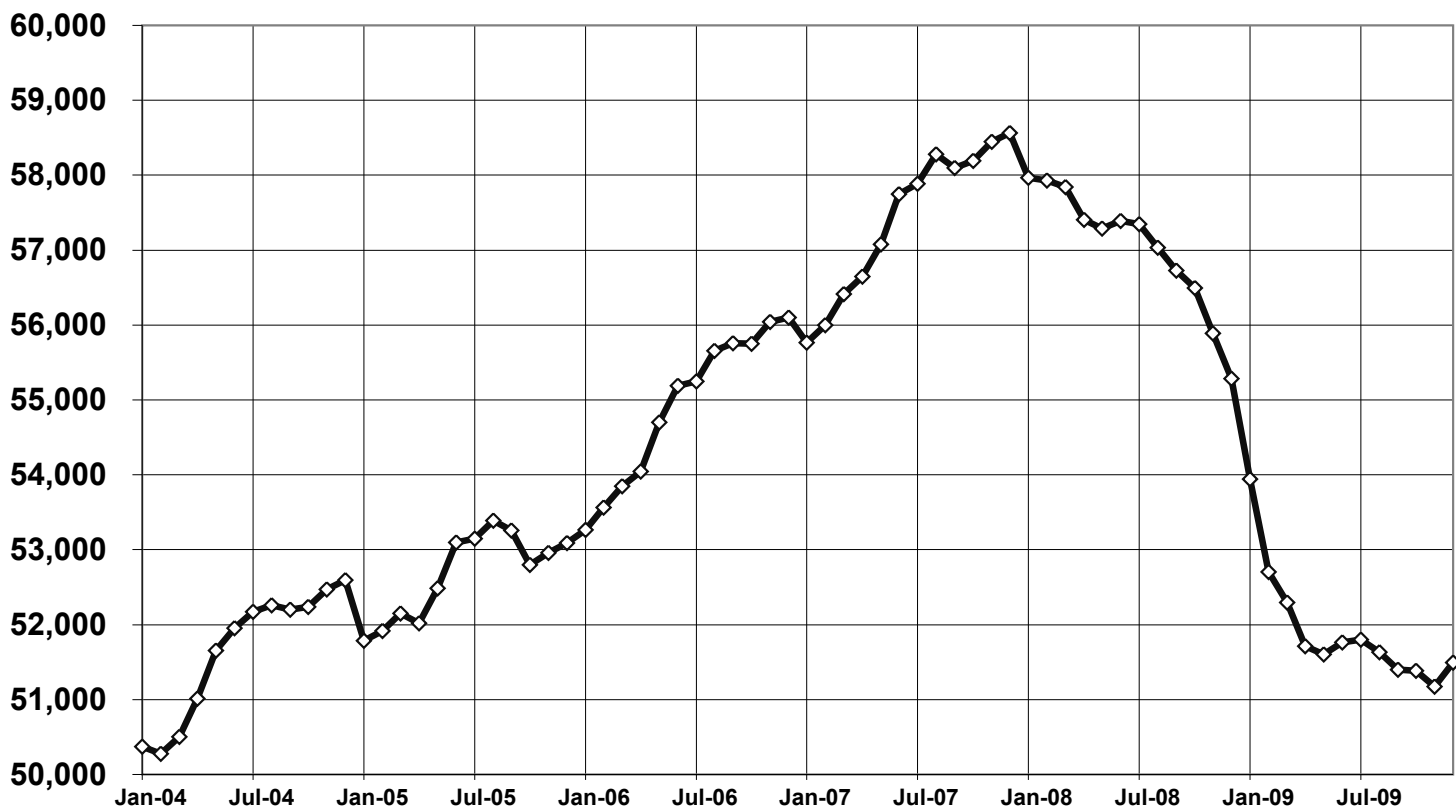
Just a few years ago the economy was very different. From 2005 through 2007 job gains were the order of the day. Economic growth, very low unemployment, and ample

(continued)

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Impact on Manufacturing (continued)

Manufacturing Jobs in Salt Lake and Tooele Counties: January 2004 to December 2009



Source: Utah Department of Workforce Services.

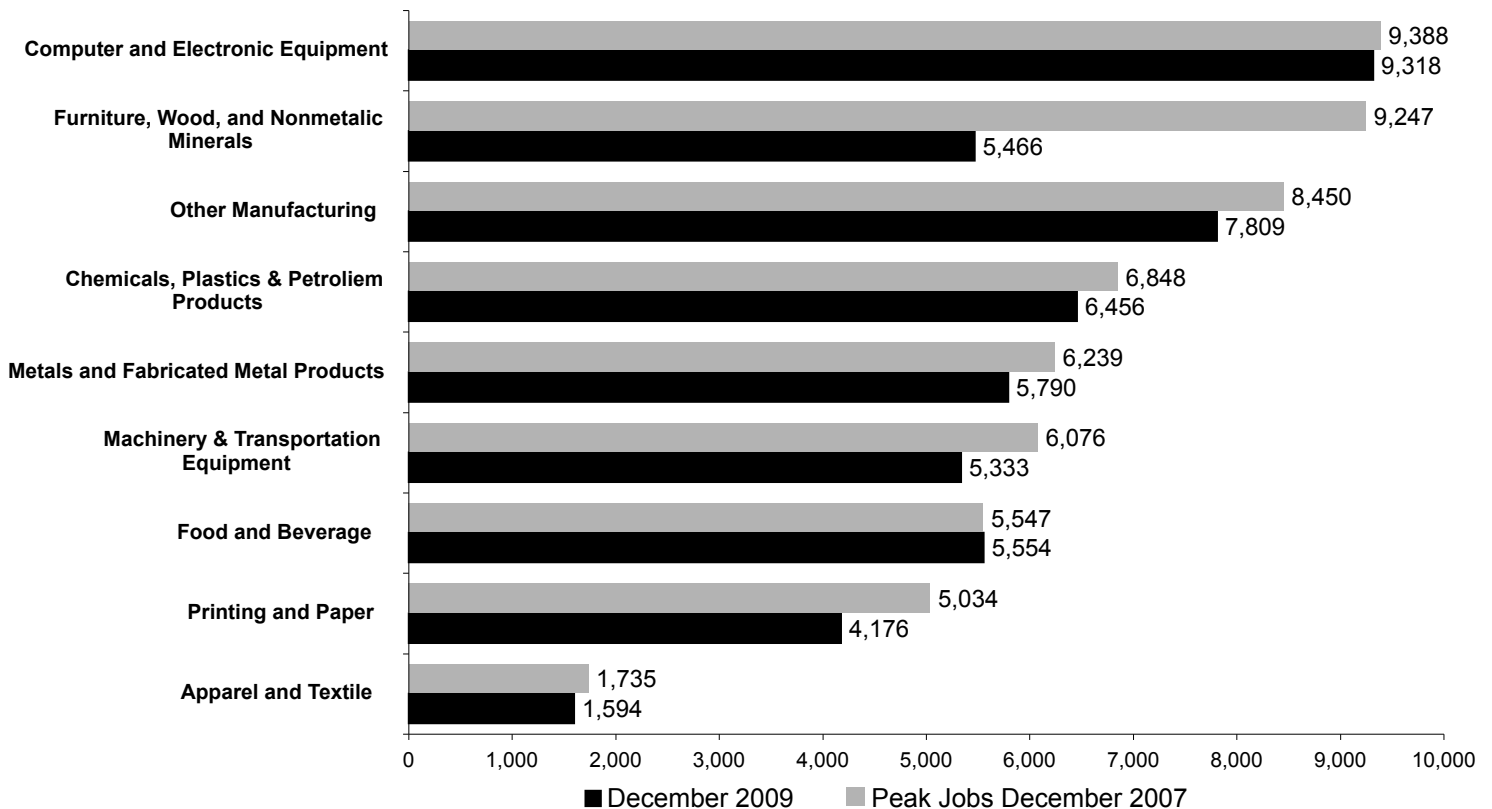
job opportunities characterized the regional economy. Next to construction, employment in the manufacturing sector has been most significantly impacted during these difficult economic times (see graph). For Salt Lake and Tooele counties the number of jobs in manufacturing peaked in December 2007, at 58,564 when the last economic expansion in Utah, and the nation, ended. At first employment losses were gradual—through about July 2008—then picking up and

dropping quite dramatically since October 2008, through April 2009. The December 2009 employment counts were the most recent available from nonfarm payroll employer reports when this article was written. In the last three months of 2009, manufacturing jobs were just above 51,000.

In the second graph, manufacturing employment is divided in nine categories, which show the employment

Impact on Manufacturing (continued)

Manufacturing Jobs by Category for Salt Lake and Tooele Counties: December 2007 to December 2009 Comparison



Source: Utah Department of Workforce Services.

levels just before the recession officially began in December 2007, compared to the levels recorded in December 2009. Manufacturing over these two years lost a total of 7,068 jobs, a reduction of 12.1 percent. Furniture, wood, and nonmetallic mineral production—manufacturing areas most closely associated with housing and other construction—fell by 3,781 jobs, a loss of 41 percent.

Current employment estimates for the Salt Lake metropolitan area indicate the number of jobs in manufacturing has continued to decline during the first quarter of 2010. It seems we may not have quite reached a floor in terms of job loss in the manufacturing industries, even as the overall labor market should see some modest improvement during the remainder of this year. **WFN**

County News

Now that the preliminary jobs count data for the entire year is in, 2009 is confirmed as the worst year for the labor market since the end of World War II. The 2008/2009 “great recession” has been acutely felt in Salt Lake and Tooele counties. The labor market has been characterized by increasing unemployment and year-over nonfarm job losses, as the economy has contracted across the majority of major industrial sectors.

Salt Lake County

In 2009, the average annual number of payroll jobs decreased by 29,326 to 573,599, declining by 4.9 percent. In 2008, the average number of jobs was 602,859 or just 1,806 higher than in the previous year.

The robust economic expansion of 2005 and 2006 gradually slowed during 2007 and through the first half of 2008, in Salt Lake County. Year-over job losses began in October 2008, declining in August 2009 at an unprecedented rate of -6.1 percent. There were about 37,140 fewer jobs in August 2009 than recorded the previous year.

The level of unemployment has increased from a very low annual average rate of 2.6 percent in 2007 to average 6.3 percent in 2009. By December of 2009, the seasonally adjusted unemployment rate had increased to 6.7 percent in Salt Lake County. There were an estimated 36,827 residents unemployed in December 2009, compared to 16,744 in December 2007, when the national recession started.

Tooele County

Tooele County has fared better than most counties in Utah in terms of the overall number of jobs within the county. In 2009, the average annual number of payroll jobs held relatively steady for the third consecutive year at around 15,451 jobs or just 75 fewer jobs than in 2008. Tooele County suffered significant job losses in construc-

tion, manufacturing, transportation and warehousing but had some offsetting gains in government, professional and business services, and healthcare. Of an estimated increase of 225 government jobs—150 were federal government and 75 were local government—mostly education.

While total job levels have not declined within Tooele County during the recession unemployment has increased substantially, not only because of the hard hit industries of construction and manufacturing, but also because so many residents of the County commute to Salt Lake County to work. The level of unemployment has increased from a low annual average rate of 3.0 percent in 2007 to average 7.2 percent in 2009. By December of 2009, the seasonally adjusted unemployment rate had increased to 7.87 percent in Tooele County. There were an estimated 2,128 residents unemployed in December 2009, compared to 913 in December 2007.

2010 Outlook

During the first four months of 2010, the job market and economic conditions seem to be stabilizing in Salt Lake and Tooele Counties and across metro-Utah, as most major industrial sectors are not shedding jobs as was the norm for 2009. Modest improvement in the jobs picture is likely through the end of 2010. **WPN**

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What's Up?

"The **Salt Lake Board of Realtors** reported that sales climbed 15.3 percent in the first three months of the year, compared with the same period a year earlier. However, the median price of single-family homes sold during the first quarter in the county dropped 8.8 percent from the 2009 first quarter—from \$238,000 to \$217,000. "The federal tax credit, low mortgage interest rates and more affordable home prices have all contributed to rising home sales", said Bill Heiner, president of the Salt Lake Board of Realtors."

—*Deseret News*

"With the lingering affects of a recession ravaging the city's coffers, **Salt Lake City** Mayor, Ralph Becker, proposed a host of fee hikes, service cuts and layoffs to close an \$18.8-million budget gap for the 2010-11 fiscal year. "We need to accept this is our new reality; this is the new normal," Becker said as he unveiled his proposal at City Hall. The mayor's plan calls for cutting 67 of the city's roughly 3,000 full-time positions, though 42 of those positions are currently vacant."

—*Deseret News*

"**Kennecott Utah Copper** will soon process the molybdenum and rhenium it pulls out as a byproduct of its Bingham Canyon Mine copper production, instead of hiring someone else to do the job. Rio Tinto, Kennecott's parent company, said it will build a \$340-million molybdenum autoclave process, or MAP, facility in Magna. Slated to be finished in 2012 and operating in 2013, the facility will be used for Kennecott's existing operation, from which it extracts 30 million to 40 million pounds of "moly" a year, said project manager Doug Stauffer."

—*Deseret News*

"**Hotel occupancy** rates statewide and in Salt Lake County last month exceeded levels achieved in March 2009, the first time since April 2008, that year-over-year increases were realized. Salt Lake County hotels recorded a 5.2-percent increase last month. Hotel and Lodging Association executive director, Michael Johnson, was reticent to get too excited at this point. "There's some hesitancy to say it's because we've recovered," he said."

—*The Salt Lake Tribune*

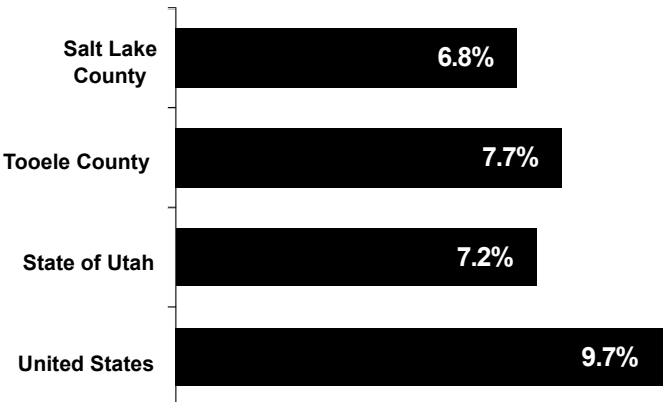
"There were 99 **residential dwellings permitted in Tooele** from January through March this year, compared to 11 in the first three months of 2009, according to Tooele City. Driving the huge increase is an 85-unit apartment complex according to Richard Jorgensen, Tooele City land use technician. "This will be the first new apartment complex built in the city in about eight years," said Jorgensen."

—*Tooele Transcript Bulletin*

"In the first quarter of 2010, **sales of homes in Tooele County** jumped 19.6 percent compared to the first quarter of 2009. However, the median price of houses sold dropped by 8.2 percent over the same period. Federal tax credits for home buyers—\$8,000 for first-time buyers and \$6,500 for repeat buyers as part of a program that expired on April 30—have helped drive the rise in sales."

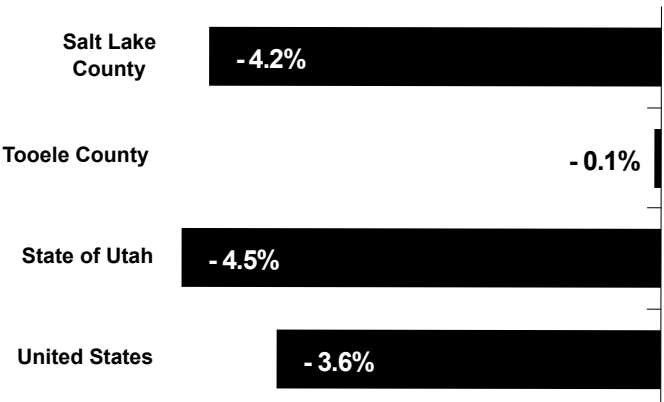
—*Tooele Transcript Bulletin*

**Seasonally Adjusted Unemployment Rates
March 2010**



Source: Utah Dept. of Workforce Services; U.S. Bureau of Labor Statistics.

**Percent Change in Nonfarm Jobs
December 2008 to December 2009**



Source: Utah Dept. of Workforce Services; U.S. Bureau of Labor Statistics.

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